

Sean StJohn,

Pro Se

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:) Chapter 11
)
CELSIUS NETWORK LLC, et al.,1) Case No. 22-10964 (MG)
)
Debtors.) (Jointly Administered.)
)
)

**SEAN STJOHN'S MOTION FOR ENTRY OF AN ORDER (I) TO
DOLLARIZE NON-INSIDER CEL TOKEN CLAIMS AT THE PETITION
DATE PRICE OF \$0.81565; IF OTHERWISE, (II) REQUEST THE
DEBTORS TO SUBMIT EVIDENCE SUPPORTING INEQUITABLE
TREATMENT OF UNSECURED CREDITORS IN THE EARN GROUP (III)
GRANTING RELATED RELIEF**

The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Celsius Network LLC (2148); Celsius KeyFi LLC (4414); Celsius Lending LLC (8417); Celsius Mining LLC (1387); Celsius Network Inc. (1219); Celsius Network Limited (8554); Celsius Networks Lending LLC (3390); and Celsius US Holding LLC (7956). The location of Debtor Celsius Network LLC's principal place of business and the Debtors' service address in these chapter 11 cases is 121 River Street, PH05, Hoboken, New Jersey 07030 *

Sean StJohn (“Mr. StJohn”) files this Motion for Entry of an Order (I) to Dollarize Non-Insider CEL Token Claims at the Petition Date Price of \$0.81565; If Otherwise, (II) I Request the Debtors To Submit Evidence Supporting Inequitable Treatment of Unsecured Creditors in the Earn Group (III) Granting Related Relief. In support of his Motion, Mr. StJohn respectfully states the following:

Introduction

As a corollary to the motions filed by Santos Caceres, I wish to complement his prior arguments with further perspective on the following shared notion: all unsecured creditors in the Earn group should be treated equitably. Against this notion, the Debtors, along with the Unsecured Creditors Committee (UCC), have decided arbitrarily that they will assign non-insider CEL token holders a different treatment. They are suggesting a \$0.20 (twenty cent) recovery to retail unsecured creditors [ECF Docket No. 2151, page 77 ¹]. In addition, your Honor, the announcement from the Celsius/UCC was made public after the deadline to submit a claim [Bar Date, Docket No. 1846 ²]. These actions represent a breach of fiduciary duty on the part of the Unsecured Creditors Committee (UCC), as many creditors were misled to believe that ALL dollarized claim values will be based on the prices determined on the Chapter 11 Filing Date (July 13th, 2022)

¹ <https://cases.stretto.com/public/x191/11749/PLEADINGS/117490301238000000076.pdf>

² <https://cases.stretto.com/public/x191/11749/PLEADINGS/117490110238000000031.pdf>

Argument

The Celsius UCC had decided to unilaterally sidestep the basic premise of bankruptcy law, where all creditors are treated equitably, and instead self-admittedly now represents only a subset of creditors that arbitrarily decided creditors that held CEL tokens are not to be treated equitably and should expect a 75%+ reduction on their claim, and the Celsius UCC is attempting to rationalize this cut with poorly-supported allegations of CEL market manipulation by Celsius and the founders.

I wish to point out that given the opportunity, most self-serving creditors would be happy to slander any other creditors' claims so their own personal claims gain in value or gain sooner in value. Thus, to give merit to one creditor's claim over another is not a moral pursuit, it is merely a profit-motivated affiliation, an affiliation that the creditors that comprise the members of the Celsius UCC obviously hold with the subset of creditors that wish to damage CEL-holding creditors' claims. By affiliating with only a subset of creditors in this manner, the Celsius UCC has breached its fiduciary duty to represent all creditors, and now serves as a vigilante justice mechanism, enacting the will of a few disgruntled creditors seeking blind revenge against fellow Celsius victims for no other reason than CEL rhymes with Celsius.

To be clear, CEL token is not equity, in fact, Celsius the company already has equity sold through various rounds that has nothing to do with CEL token. The commingling of the idea that CEL is in fact equity and thus should be worthless in lieu of Celsius' bankruptcy, is true for no other reason than Celsius UCC's purposeful unilateral dismissal of the future utilization of CEL token, but not as a consequence of the failure of Celsius. The CEL token could just as likely

have been a valuable asset in the restructuring of Celsius, had the choice been made to pursue this.

This brings me to highlighting the moral hazard of attempting to democratize creditor entitlements. It's obvious creditor money-grabbing is a natural consequence of bankruptcy, where everyone battles for the remaining scraps, which is why bankruptcy law has evolved to assign the market price at filing date to serve as the value of consideration, precisely to avoid these endless expensive debates that can't help but lead to the majority exploiting the minority. Despite this clear intent of bankruptcy law, the Celsius UCC feels that they know better than the law, and wishes to push ahead with representing a subset of creditors they personally financially happen to align with, arguably undoing bankruptcy law's equitable treatment precedent, and setting a new precedent, where valuation assessments regress to subjectivity, returning us to the antiquated methodology of endless expensive court battles that bankruptcy law was intended to mitigate.

The Celsius UCC has attempted to rationalize a 20 cent CEL valuation by two arguments: 1) that it is a popular sentiment that CEL holders should get nothing, and 2) that the CEL price was manipulated.

First, yes, many people feel that CEL holders should get nothing, but if asked, many CEL holders feel that we should get at least our fair share, simply because we are the ones that paid for the development of Celsius the company and the Celsius community, and now that value is potentially being sold to NovaWulf or another bidder, for many millions of dollars. The question to ask is: if it wasn't the CEL token holders that created the value being sold to NovaWulf, then where did that value come from? It is the value of the company and the community that CEL holders created through CEL purchases that now serves as the vehicle for every creditor to

eventually be made whole. So how can CEL token be deemed nearly worthless when clearly it's worth everything that NovaWulf or another bidder, is buying?

And the second argument the Celsius UCC defends is the notion that the price of CEL token was manipulated and the fair market price would have been much lower under organic market conditions. This notion is premised upon loose allegations that the founders enriched themselves via said manipulation.

To break this down, there's the idea that the Celsius "flywheel" (which is Celsius regularly performing CEL buybacks from the open market) was a form of manipulation. But this behavior was scheduled and widely publicized; everyone knew Celsius was buying CEL regularly with their rehypothecation profits, allowing natural market forces to factor this buyback activity into the price of CEL, and this was a desired, transparent, and broadly-adopted benefit for many Celsius customers. Furthermore, Celsius treasury balance of CEL continued to drop throughout the operating years, so how is it possible that the price was manipulated if they did more selling than buying? By the law of supply and demand, the price should have gone down, not up.

Then there's the idea that the infamous "CEL short squeeze" was another episode of CEL market manipulation. This entailed a small group of creditors that were attempting to fight and expose the now clearly-visible illegal naked shorting of CEL token on the now defunct FTX exchange, but it was for naught, the short squeeze was overwhelmed, and the price of CEL continued to decline. So again, the price went down, not up.

This leads to the logical conclusion that because Celsius unloaded more CEL than it bought, and because of the FTX shorting, CEL isn't overvalued at the 81.565 cent petition date number, but in fact is far more undervalued than its potential could have been should more time have

passed to surmount these negative price pressures. The idea that CEL's entire multiple-year free-market-trading history should be wiped completely and reset to an arbitrary cartel-decided 20 cent valuation, is merely theft of a vulnerable but large group of creditors that are no less victims of Celsius' demise than any other creditor.

I, a CEL holding creditor, am not asking for more than my fair share, your Honor, I just want to be treated equally, like all the other creditors, and not be subjected to excess scrutiny that lies far outside the purview of the Celsius UCC's duties, that has not been equally applied to all other creditors. The current form of the UCC is more of a suddenly-powerful vigilante clique, fighting for a small faction of self-serving creditors they happen to align financially with, and they are attempting to rationalize this bias with flippant unsubstantiated populist allegations that amount to sensationalism, not mathematics. I ask you, your honor, please steer the Celsius UCC back onto the track of treating all creditors equally, as required by bankruptcy law, and end their charade as biased moral gatekeepers. I believe CEL-holding creditors are as equally entitled to the legally-ordained 81.565 cent valuation, as much as any other creditor is entitled to their claim.

Conclusion

For all of the aforementioned reasons, this Motion should be GRANTED, allowing non-insider CEL token claim holders to join the Earn group for equitable treatment and have access to the same optionality of equity and liquid cryptocurrency distribution.

Relief

The relief that I am seeking from this Court is that CEL token claims should be treated equitably, just like all other cryptocurrency claims on Celsius Network. Your Honor, CEL token claims should be \$0.81565, according to the law, and I respectfully ask your Honor to follow the law and grant CEL token claims at \$0.81565, consistent with the petition date price.

Respectfully Signed,

Sean StJohn,

Pro Se 03/13/2023

/s/Sean StJohn

CERTIFICATE OF SERVICE

I certify that on Wednesday, March 13th, 2023, a true and correct copy of Sean StJohn's Motion for Entry of an Order (I) Dollarize Non-Insider CEL Token Claims at the Petition Date Price of \$0.81565; If Otherwise, (II) I Request the Debtors To Submit Evidence Supporting Inequitable Treatment of Unsecured Creditors in the Earn Group (III) Granting Related Relief [Docket No.

Respectfully Signed,

Sean StJohn, Pro Se

03/13/2023

/s/Sean StJohn